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JUL 17 2023

DEPT. OF REAL ESTATE

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BEFORE THE DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

* * *

In the Matter of the Accusation of

No. H-42642-LA

PLATINUM LOAN SERVICING
INC., and RYAN JOE SOLOVY,
individually and as designated officer
of Platinum Loan Servicing Inc.,

ACCUSATION

Respondents.

The Complainant, Jason Parson, a Supervising Special Investigator for the Department of Real Estate ("Department" or "DRE") of the State of California, for cause of Accusation against PLATINUM LOAN SERVICING INC. ("PLSI"), and RYAN JOE SOLOVY ("SOLOVY"), individually and as designated officer of PLSI, ("Respondents"), alleges as follows:

1. The Complainant, Jason Parson, acting in his official capacity as a Supervising Special Investigator, makes this Accusation against Respondents.

2. All references to the "Code" are to the California Business and Professions Code and all references to "Regulations" are to Title 10, Chapter 6, California Code of Regulations.

LICENSE HISTORY

3. Respondent PLSI has been licensed by the Department as a real estate corporation ("REC"), license identification number ("License ID") 01870499, from on or about August 29, 2009, through the present, with PLSI's license scheduled to expire on August 28, 2025, unless renewed. PLSI is licensed through SOLOVY's real estate broker ("REB") license, License ID

1 01876915, and SOLOVY is the designated officer ("D.O.") for PLSI. According to Department
2 records to date, PLSI maintains no fictitious business names, has no branch offices, and employs
3 no real estate salespersons.

4 4. Respondent SOLOVY has been licensed by the Department as a REB from on or
5 about June 15, 2015, through the present, with SOLOVY's license scheduled to expire on June 14,
6 2027, unless renewed. SOLOVY was previously licensed by the DRE as a real estate salesperson
7 ("RES") from on or about April 19, 2010, to on or about June 14, 2015. SOLOVY currently holds
8 a Mortgage Loan Originator ("MLO") license endorsement with the Department with National
9 Mortgage Licensing System and Registry ("NMLS") ID 303993. In addition to being the D.O. for
10 PLSI, SOLOVY is also currently the D.O. for REC Marquee Funding Group Inc., License ID
11 01870113. According to Department records to date SOLOVY employs one RES, Amy Michele
12 Solovy, License ID 01970219.

13 **BROKERAGE: PLSI**

14 5. At all times mentioned, in Los Angeles County, California, PLSI acted as a REC,
15 conducting licensed activities within the meaning of Code section 10131(d): soliciting borrowers or
16 lenders for, or negotiating loans, collecting payments, or performing services for, borrowers,
17 lenders, or note owners in connection with loans secured directly or collaterally by liens on real
18 property or on a business opportunity. At all times mentioned, PLSI was acting by and through
19 SOLOVY as its D.O. pursuant to Code section 10159.2 and SOLOVY was responsible for ensuring
20 compliance with the Real Estate Law.

21 **AUDIT OF PLSI: AUDIT NO. LA220053**

22 6. On May 19, 2023, the Department completed an audit examination of the books and
23 records of PLSI's real estate activities that require a real estate license under Code section 10131.
24 The audit examination, LA220053, covered the time period November 1, 2019, to December 31,
25 2022 ("audit period"), and was limited to PLSI's mortgage loan activities.

26 7. According to SOLOVY, and PLSI's compliance consultant, REB Pam Strickland
27 ("Strickland"), License ID 00776886, PLSI's corporate structure as of January 25, 2023, was as
28 follows:

<u>Name</u>	<u>Title</u>	<u>License Status</u>	<u>Shareholder %</u>
1 Scott R. Fine	CEO	RES, License ID 01110594	50%
2 Lawrence S. Rabinoff	Treasurer	RES, License ID 00685632	10%
3 SOLOVY	Secretary/President	REB/D.O.	40%

4 8. According to SOLOVY, Strickland, and records examined, PLSI services private
5 investor loans on behalf of private lenders for compensation. PLSI serviced approximately four
6 hundred sixty-seven (467) loans—consisting of two hundred thirty-nine (239) multi-lender loans
7 and two hundred twenty-eight (228) single investor loans—for approximately three hundred ninety-
8 seven (397) private investors during the last twelve (12) months. Based on bank statements
9 examined, approximately \$328,895,292.00 in trust funds were handled through PLSI's trust
10 accounts during the last twelve (12) months. PLSI currently reports to the Department as a threshold
11 broker and services loans funded by private investors (multi-lender and single investor).

12 9. PLSI maintained three (3) trust accounts for handling of trust fund receipts and
13 disbursements pertaining to its loan servicing activity during the audit period, as follows:

14 a. **Trust Account 1 ("TA1")**

15 Bank: First Republic Bank
16 Account Name: Platinum Loan Servicing, Inc.
17 (c/o Ryan J. Solovy, Trustee)
18 (Trust Account)
19 Account #: XXXXXXXX3857
20 Signatories: SOLOVY
21 Signatures required: One (1) signature
22 Description: TA1 was used for handling of rent receipts and disbursements of
23 monthly payments and payoffs received from borrowers on
24 behalf of the beneficiaries (lenders/investors).

25 b. **Trust Account 2 ("TA2")**

26 Bank: Mechanics Bank
27 Account Name: Platinum Loan Servicing, Inc.
28 Trust Account
29 Ryan Solovy, Broker-Platinum Loan Servicing, as Trustee
30 Account #: XXXXXXXX5505
31 Signatories: SOLOVY
32 Signatures required: One (1) signature
33 Description: TA2 was used for handling of receipts and disbursements of
34 monthly payments and payoffs received from borrowers on
35 behalf of the beneficiaries (lenders/investors).

1 c. **Trust Account 3 ("TA3")**

2 Bank: Mechanics Bank
3 Account Name: Platinum Loan Servicing, Inc.
 Trust Account
 Ryan Solovy, Broker-Platinum Loan Servicing, as Trustee
4 Account #: XXXXXXXXX0821
5 Signatories: SOLOVY
6 Signatures required: One (1) signature
7 Description: TA3 was used for handling of receipts and disbursements of
 monthly payments and payoffs received from borrowers on
8 behalf of the beneficiaries (lenders/investors). According to TA3's
 bank statements, TA3 was closed on June 30, 2021.

9
10 **Audit Violations in Audit No. LA220053**

11 10. The Complainant realleges and incorporates by reference all of the allegations
12 contained in paragraphs 1 through 9 above, with the same force and effect as though fully set forth
13 herein.

14 11. The audit examination revealed violations of the Code and the Regulations, as set
15 forth in the following paragraphs, and more fully discussed in Audit No. LA220053 and the
16 exhibits and work papers attached to the audit report:

17 **Issue One (1). Code Section 10145 and Regulation 2832.1: Handling of Trust Funds; Trust**
18 **Fund Handling for Multiple Beneficiaries**

19 12. As of the audit cutoff date of December 31, 2022, TA1 and TA2 had a combined
20 shortage <\$38,965.74>. The combined shortage was caused by negative investor account balances
21 of <\$38,965.41> and combined unidentified cause(s) of <\$0.33>.

22 13. As of the bank statement cutoff date of June 30, 2021, TA3 was in in balance. TA3
23 was closed on June 30, 2021.

24 14. PLSI provided no evidence that the owners of the trust funds had given their
25 written consent to allow PLSI to reduce the balance of the funds in TA1 and TA2 to an amount
26 less than the existing aggregate trust fund liabilities, in violation of **Code section 10145 and**
27 **Regulation 2831.1.**

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1 **Issue Three (3).^{1/} Code Sections 10145 and Regulation 2831: Handling of Trust Funds; Trust**
2 **Fund Records To Be Maintained**

3 15. Based on an examination of records, PLSI failed to maintain complete and accurate
4 control records for trust funds received and disbursed for TA1 and TA2. PLSI's "Trust Account
5 Register" maintained for all trust funds received and disbursed for TA1 and TA2 have only one
6 date, the received date, and did not reflect the date of deposit and an accurate running daily
7 balance.

8 16. PLSI's failure to maintain complete and accurate control records for trust funds
9 received and disbursed for TA1 and TA2 was in violation of **Code Section 10145 and Regulation**
10 **2831.**

11 **Issue Four (4). Code Section 10145 and Regulation 2831.1: Handling of Trust Funds;**
12 **Separate Record for Each Beneficiary or Transaction**

13 17. During the audit period, PLSI failed to maintain complete and accurate separate
14 records of the receipts and disbursements of all trust funds deposited into TA1 and TA2. PLSI's
15 "Trust Funds Received/Paid Out Report" maintained for all trust funds received and disbursed for
16 TA1 and TA2 did not reflect accurate balances after posting transactions, in violation of **Code**
17 **Section 10145(g) and Regulation 2831.1.**

18 **Issue Five (5). Code Section 10145 and Regulation 2831.2: Trust Account Reconciliation**

19 18. During the audit period, PLSI failed to maintain a complete and accurate monthly
20 reconciliation comparing the balance of all separate beneficiary or transaction records (separate
21 records) to the balance of the records of all trust funds received and disbursed (control record) for
22 TA1 and TA2, in violation of **Code Section 10145 and Regulation 2831.2**

23 **Issue Six (6). Code Section 10159.2 and Regulation 2725: Responsibility of Corporate Officer**
24 **in Charge; Broker Supervision**

25 19. Complainant realleges and incorporates by reference all of the allegations contained
26 in paragraphs 1 through 18 above, with the same force and effect as though fully set forth herein.

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^{1/} Issue Two (2) is being intentionally skipped and may be added through an Amended Accusation at a later date.

20. Based on the findings in Issues One (1) through Five (5) above, as the broker and designated officer of PLSI, SOLOVY did not exercise adequate supervision and control over the PLSI's mortgage loan servicing activities conducted on behalf of PLSI by its employees and licensees to ensure compliance with the Real Estate Laws and Regulations. SOLOVY failed to establish policies, rules, procedures, and systems to review, oversee, inspect, and manage transactions requiring a real estate license and the handling of trust funds by PLSI's licensees and employees.

21. SOLOVY's acts and/or omissions were in violation of **Code section 10159.2 and Regulation 2725.**

CAUSE OF ACCUSATION

AUDIT VIOLATIONS IN AUDIT NO. LA220053

22. The Complainant realleges and incorporates by reference all of the allegations contained in paragraphs 1 through 21 above, with the same force and effect as though fully set forth herein.

23. PLSI's and SOLOVY's acts and/or omissions as alleged above in paragraphs 12 through 21 violated the Code and the Regulations as set forth below:

<u>Issue No.</u>	<u>Paragraphs</u>	<u>Violations</u>
1	12-14	Code section 10145; Regulation 2832.1
3	15-16	Code section 10145; Regulation 2831
4	17	Code section 10145; Regulation 2831.1
5	18	Code section 10145; Regulation 2831.2
6	19-21	Code section 10159.2; Regulation 2725

24. The foregoing violations alleged in Issues One (1) through Five (5) above constitute cause for the suspension or revocation of PLSI's real estate license and license rights under the provisions of **Code sections 10177(d) and/or 10177(g)**.

25. The foregoing violations alleged in Issue Six (6) above constitute cause for the suspension or revocation of SOLOVY's real estate license and license rights under the provisions of Code sections 10177(h), and 10177(d) and/or 10177(g).

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1 **INVESTIGATION AND ENFORCEMENT COSTS**

2 26. Code section 10106 provides that in any order issued in resolution of a disciplinary
3 proceeding before the Department of Real Estate, the Commissioner may request the
4 administrative law judge to direct a licensee found to have committed a violation of this part to
5 pay a sum not to exceed the reasonable costs of the investigation and enforcement of the case.

6 **AUDIT COSTS**

7 27. Code section 10148(b) provides, in pertinent part, the Commissioner shall charge a
8 real estate broker for the cost of any audit, if the Commissioner has found in a final decision
9 following a disciplinary hearing that the broker has violated Code section 10145 or a regulation or
10 rule of the Commissioner interpreting said section.

11 WHEREFORE, Complainant prays that a hearing be conducted on the allegations
12 of this Accusation and that upon proof thereof, a decision be rendered imposing disciplinary action
13 against all the licenses and license rights of PLATINUM LOAN SERVICING INC. and RYAN
14 JOE SOLOVY under the Real Estate Law, for the costs of investigation, audit, and enforcement as
15 permitted by law, and for such other and further relief as may be proper under other applicable
16 provisions of law, and for costs of audit.

17 Dated 07/14/23, at Los Angeles, California.

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21 Jason Parson
 Supervising Special Investigator

22 cc: PLATINUM LOAN SERVICING INC.
23 RYAN JOE SOLOVY
24 Jason Parson
25 Sacto.